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1 understand where it goes next.

2 Q. Is it technologically possible for an entity to set up a
3 network that would limit traffic to certain areas, exchanges
4 within LATAs?

5 A. Technically possible, yes. You'd have to have buyers from
6 all parties, all the end users involved, all the carriers and
7 some way to make sure that they say to make sure they're doing
8 what they say they're doing.

9 Q. Has that been done anywhere?

10 A. Not to my knowledge.

11 Q. Would it be impractical to do so for economic reasons,
12 technological reasons?

13 A. You're talking about a lot of different parties. My
14 initial answer is yes, impractical. It might drive the cost
15 structure up even more to put something like that in place.
16 Technically, I think anything can be achieved these days.

17 Q. Very early in your testimony there's reference made to UNI,
18 what is that as compared to NNI?

19 A. It's you and I.

20 (Laughter.)

21 There's two types of interfaces we talk about with frame
22 relay. The user-to-network interface, it's usually between an
23 end user such as a business or the State government and a frame
24 relay switch; and then a network-to-network interface, which is
25 between two relays.

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1 And these are implemented between all Frame Relay Forum
2 agreements, that all carriers and equipment providers and switch
3 providers agree to adhere to so to make sure everything could
4 be -- If we did not have these, everything would be proprietary.
5 Technically we might not be able to talk to a carrier which
6 might have a switch platform.

7 Q. What is a Frame Relay Forum, what is it, or who does it
8 involve?

9 A. The Frame Relay Forum, I guess, could best be called a
10 consortium of, I think, a couple hundred members now that
11 includes customer premises, equipment vendors, carriers, switch
12 providers, people that sell, you know, monitoring tools and
13 troubleshooting tools, and pretty much anybody who thinks they
14 can get value from frame relay.

15 It's a body that was set up -- it's a volunteer, although
16 they charge you for membership now, where you can get together
17 and decide on these things in a quorum, things are voted upon
18 and then there's a standard way that's implemented. And if
19 people decide not to implement the standard, then they're sort
20 of out in left field; they have to do everything out on their
21 own.

22 Q. And I take it the Forum has not addressed this issue?

23 A. Not that I'm aware of. That might be interesting.

24 EXAMINER JENNINGS: I have no further questions.

25 Redirect?

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1 MR. STEMM: Yes, if we could just take a couple of
2 minutes to gather our thoughts, a short break?

3 EXAMINER JENNINGS: Sure. We can go off the record.
4 (Discussion held off the record.)

5 EXAMINER JENNINGS: Ten-minute break?

6 MR. STEMM: That's fine.

7 (Brief recess taken.)

8 EXAMINER JENNINGS: Whenever you're ready.

9 MR. STEMM: Yes. The good news is we only have a
10 couple of questions here. So I appreciate the break.

11 - - -

12 REDIRECT EXAMINATION

13 BY MR. STEMM:

14 Q. Mr. Whiting, during the cross-examination by Mr. Canis, he
15 asked you to confirm your understanding that what ICI is looking
16 to have in this proceeding is an NNI; do you remember that?

17 A. Yes.

18 Q. And I believe you did confirm that and does NNI -- excuse
19 me, does ICI now have the NNI it requires to provide the service
20 it's looking to provide?

21 A. Yes, from a technical perspective, yes.

22 Q. And that is the NNI purchased through the tariff?

23 A. That's correct.

24 Q. Now, there was some discussion of a proposal that Mr. Canis
25 made to you about mid-span fiber meet and whether that might be

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1 an appropriate way of doing business; do you remember that?

2 A. I believe it was meet-point, private line, or something
3 like that was the term that was used.

4 Q. I believe you're right, thank you.

5 Focusing that question to the issue in this proceeding and
6 that is the actual interconnection facility, how would the NNI
7 be provided in an arrangement like that?

8 A. It could be provided the same way it's provided today, as a
9 component of the tariff.

10 Q. Okay. Your understanding of the tariff, is there anything
11 that the tariff doesn't provide ICI in terms of its plan to get
12 into the local frame relay service?

13 A. I don't know what all the plans are, but from a technical
14 level, the connection is there. There might be some further
15 need for management capabilities, but I don't believe so.

16 Q. But as far as the connection itself, everything is in the
17 tariff --

18 A. Yes.

19 Q. -- is that correct?

20 You were also asked about the competitive pressures that, I
21 guess, both Ameritech and AADS face to keep switching costs
22 down; do you recall that line of testimony?

23 A. Yes.

24 Q. What could happen if Ameritech and AADS do not keep costs
25 competitive?

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1 A. Customers will go to a variety of other carriers that have
2 service available.

3 Q. So there, is that customer choice in the frame relay
4 business?

5 A. Yes, the last time I checked there was about 200 providers
6 of frame relay service. I don't know if that's domestic or
7 international, but quite a few.

8 MR. STEMM: Thank you. No further questions.

9 EXAMINER JENNINGS: Is there any follow up?

10 MR. CANIS: Nothing.

11 MEMBER SOLIMAN: I have a couple of questions based on
12 the redirect.

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14

FURTHER EXAMINATION

15 BY MEMBER SOLIMAN:

16 Q. The first one, does currently ICI have connection for frame
17 relay with Ameritech?

18 A. That's correct.

19 Q. How is it achieved, is it by a meet span, meet point or
20 another form?

21 A. ICI purchases the NNI component from the tariff. It's
22 basically here, and then they're responsible for meeting us in
23 our serving wire center; so either they use a portion of
24 capacity they already have for other purposes or they bring a
25 new facility in to meet us.

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- 1 Q. Okay. Second question is when you mentioned there's about
2 200 frame relay providers and you couldn't tell if it's
3 nationally or --
- 4 A. I feel safe with a hundred domestically, how about that?
- 5 Q. Okay. Do you know how many frame relay providers here in
6 Ohio, in Ameritech's service territory?
- 7 A. I can name off probably about ten off the top of my head
8 that we lose business to on a regular basis, AT&T, Sprint, MCI,
9 ICI, U.S. West, TCG, I believe Metropolitan Fiber is down here
10 now. Okay, only seven off the top of my head.
- 11 Q. Those are all for interLATA frame relay?
- 12 A. No, for both.
- 13 Q. For both, for local?
- 14 A. For local as well.
- 15 Q. Local frame relay, all those providers provide local frame
16 relay or some of them?
- 17 A. Sure, even in AT&T, that you think of as an inter-exchange
18 carrier. This is why it gets confusing. There's no reason that
19 AT&T cannot originate and terminate frame relay in the same LATA
20 if the customer has two locations, and they do it frequently.
- 21 Q. This is interLATA but not specifically local?
- 22 A. Okay. I'm not sure -- When I think of local, I think of
23 interLATA.
- 24 Q. I do not know if this is the same understanding of
25 everybody.

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1 A. You keep getting back to the voice world, where maybe an
2 exchange is, you know, just one switch, and it's really when you
3 start trying to force frame relay into that voice world, it's
4 not an apples to apples, and I think that's why there's a lot of
5 confusion. For local relay I categorize it within one LATA.

6 Q. But not for a specific exchange?

7 A. Because you don't have an exchange, frame relay is not an
8 exchange service.

9 MEMBER SOLIMAN: Okay. No further questions. Thank
10 you.

11 MR. STEMM: I just had one follow up to that, that you
12 asked.

13 - - -

14 FURTHER REDIRECT EXAMINATION

15 BY MR. STEMM:

16 Q. Just so we're clear, on the intraLATA local exchange frame
17 relay, that could be within what is considered in the public
18 telephone switch telephone area as a local calling area inside
19 of a LATA as well --

20 A. Right, sure.

21 Q. -- by these other competitors?

22 A. But again, it's really hard to frame relay into those
23 exchanges.

24 MR. STEMM: That's all I had.

25 (Pause.)

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1 Maybe Dan can clarify.

2 - - -

3 FURTHER EXAMINATION

4 BY MEMBER SOLIMAN:

5 Q. Those providers that we are speaking of, AT&T, MCI, ICI,
6 they are certified in Ohio to provide -- until they obtain their
7 certification to provide local exchange service within the
8 definition of local exchange service, they did not have
9 authority to provide local exchange service?

10 A. Uh-huh.

11 Q. So I'm not quite sure if they were or if they are until
12 they have tariffs here approved that they can provide local
13 frame relay service, not interLATA, that's why I'm having
14 some --

15 A. And I guess it gets down to sort of the discussion we went
16 through before. They're providing facilities and service from
17 the FCC-2 tariff maybe, or maybe the State tariff. The traffic
18 running over that -- this gets right to the heart of the
19 matter -- could be coming in one customer, going through AT&T,
20 and coming right back to the customer next door, the two
21 locations. So very similar to, you know, geographically,
22 exchange, but by no means -- so I guess to answer you they are
23 doing it, but it's via an access mechanism. Does that make
24 sense?

25 MEMBER SOLIMAN: Okay.

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1 MR. STEMM: Sorry. I probably confused the issue.

2 MEMBER SOLIMAN: Thank you.

3 THE WITNESS: You're welcome.

4 EXAMINER JENNINGS: Okay. Thank you.

5 THE WITNESS: You're welcome.

6 (Witness excused.)

7 (Pause.)

8 MR. STEMM: Your Honor, at this time, we would like to
9 mark as Ameritech Ohio Exhibit 1-A -- remark as 1-A the direct
10 testimony of Timothy Whiting so that we can mark as Ameritech
11 Ohio Exhibit 1-B the diagram that he did on the white board at
12 your request, which has been reproduced here, and we'll provide
13 copies of it. And you all can look at it before we take it away
14 to make copies of it. And would move for the admission of both
15 Ameritech Ohio Exhibits 1-A and 1-B at this time.

16 - - -

17 Thereupon, Ameritech Ohio Exhibit Nos. 1-A and 1-B
18 were marked for purposes of identification.

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20 EXAMINER JENNINGS: For those exhibits marked as
21 Ameritech Ohio Exhibits 1-A and B, is there any objection to
22 their admission?

23 MR. CANIS: No objection, your Honor.

24 EXAMINER JENNINGS: Those documents will be admitted.

25 - - -

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1 Thereupon, Ameritech Ohio Exhibits Nos. 1-A and 1-B
2 were received into evidence.

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4 MR. STEMM: Thank you, your Honor.

5 (Pause.)

6 Your Honor, we would like to recall Mr. Whiting just
7 to clarify something he said on the record about AT&T and how we
8 confused you with, you know, the competitors for frame relay,
9 just to correct the record or to clarify the record.

10 EXAMINER JENNINGS: Okay. That's fine.

11 MR. STEMM: We'll take one minute.

12 MR. CANIS: I have no objection. May I have a chance
13 to follow up?

14 EXAMINER JENNINGS: Certainly.

15 MR. STEMM: Sure.

16 (Mr. Whiting recalled.)

17 EXAMINER JENNINGS: You're still under oath.

18 THE WITNESS: Okay.

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1 TIMOTHY WHITING (Recalled)

2 being previously duly sworn, as prescribed by law, was recalled
3 as a witness, was examined and testified as follows:

4 FURTHER REDIRECT EXAMINATION

5 BY MR. CONWAY:

6 Q. Mr. Whiting, my name is Dan Conway, and we met before. Let
7 me ask just a couple of follow-up questions on behalf of the
8 company.

9 Do you recall the questions that Mr. Stemm and Ms. Soliman
10 posed to you concerning the ability of competitors in the frame
11 relay business to Ameritech to originate and terminate frame
12 relay traffic at points that would correspond to being within
13 what in Ohio would be a local calling area or an inter-exchange
14 area?

15 A. Yes.

16 Q. Do you remember that?

17 A. Yes.

18 Q. Could you explain again what your -- what you were
19 referring to when you said that, as I believe you said, a
20 competitor such as AT&T could accomplish that kind of fact
21 pattern using an FCC-2 tariff?

22 A. Yeah, what I meant to say -- I'm not sure if it was
23 confusing or not. AT&T has their own tariff; so they can
24 effectively bypass Ameritech. I thought that was called the
25 FCC-2 for all carriers.

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1 Q. So when you were referring to AT&T's ability to utilize and
2 access tariff which you referenced as FCC-2, what you were
3 referring to is AT&T's comparable tariff to Ameritech's FCC-2?

4 A. That's correct.

5 Q. Okay. In that fact pattern were they -- AT&T being
6 "they" -- buying any services from Ameritech?

7 A. The only services they might purchase would be the actual
8 access circuit, that they could get from a variety of carriers,
9 to get from a customer premises to their frame relay network,
10 but they'd be bypassing our frame relay network.

11 MR. CONWAY: Thank you. No further questions.

12 MR. CANIS: Just one quick follow up.

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RECROSS-EXAMINATION

15 BY MR. CANIS:

16 Q. When you mentioned that it's very difficult to put frame
17 relay into a LATA, interLATA switch kind of box, how does
18 Ameritech know when it's providing local versus interLATA,
19 intrastate versus interstate frame relay service?

20 MR. CONWAY: Objection. That's not within the scope
21 of my redirect examination at all. I think that related back to
22 something either in the original redirect or even prior to that.

23 MR. CANIS: Well, the way --

24 EXAMINER JENNINGS: I'll allow the question.

25 THE WITNESS: Well, again, let me restate it's really

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1 hard to know. We provide service out of both the State access
2 and the FCC-2. I know it's right for Ameritech, FCC-2 access
3 tariff, and it's really based on that physical connection.

4 Again, because it's -- the way we look at it, the
5 chances are minuscule that an amount of traffic over a given
6 physical circuit would be within an exchange or within a LATA
7 only; so we assume that at least 10 percent of that is going
8 across LATA boundaries. So therefore, it's filed in both, you
9 know, either provided through the State access or the FCC-2
10 access. Does that answer your question?

11 BY MR. CANIS:

12 Q. Actually, it raises an additional question. I mean, you --
13 Ameritech does have separate local and interstate tariffs for
14 its frame relay?

15 A. We have intrastate and interstate tariffs --

16 Q. Okay.

17 A. -- not a local tariff.

18 Q. I'm sorry. That will work.

19 A. Okay.

20 Q. Does that mean at any given moment Ameritech has no idea
21 what traffic it's providing out of those tariffs?

22 A. We work with our customers to understand the traffic
23 patterns, as was stated before, as any carrier does, but at any
24 given moment there's no practical way to track what traffic is
25 flowing over at that given time.

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1 Q. Doesn't the PVC tell you what the NNI address is?

2 MR. CONWAY: Object.

3 EXAMINER JENNINGS: Overruled.

4 THE WITNESS: The PVC indicates a path between two
5 switches. Again, I'll use my garden hose analogies. Again, you
6 don't know what's going over that garden hose. You can call it
7 anything else, but you don't know whether it's milk or water
8 going through there.

9 BY MR. CANIS:

10 Q. Are you aware that other carriers distinguish between
11 interstate and intrastate frame relay traffic?

12 A. No.

13 Q. So as far as you know, there's no other carrier out there
14 that effectively distinguishes between interstate and intrastate
15 frame relay traffic?

16 A. Well, again, I need to differentiate between traffic and
17 the permanent virtual connections.

18 Q. Could you elaborate, please?

19 A. I think carrier is well identified, permanent virtual
20 carriers, as Ameritech does, as either intrastate or interstate,
21 but as the actual traffic transversing those, I don't believe
22 there's any practical way to do that, and I'm not aware of any
23 carrier that does that.

24 MR. CANIS: Thank you.

25 EXAMINER JENNINGS: Is there any follow-up?

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1 MR. CONWAY: No, your Honor.

2 MR. STEMM: Thank you for your indulgence.

3 THE WITNESS: Thank you.

4 (Witness excused.)

5 MR. STEMM: At this time, your Honor, this, as you
6 guessed, is our second witness, Mr. Wardin.

7 (Witness sworn.)

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ATTACHMENT 2

**TRANSCRIPT: CROSS EXAMINATION OF W. KARL WARDIN AT
OHIO ARBITRATION HEARING
("Wardin Ohio Testimony")**

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1 W. KARL WARDIN

2 being first duly sworn, as prescribed by law, was examined and
3 testified as follows:

4 DIRECT EXAMINATION

5 BY MR. STEMM:

6 Q. Would you please state your full name for the record and
7 indicate on whose behalf you're here to testify today?

8 A. My name is W. Karl, with a K, Wardin, W-a-r-d-i-n. I'm
9 here to testify on behalf of Ameritech Ohio.

10 Q. Thank you. And, Mr. Wardin, did you bring a copy of your
11 prefiled testimony, the confidential version with you?

12 A. Yes, I did.

13 Q. Okay. And as we've noted previously, and if you want to
14 mark it on your front cover, that is going to be Ameritech Ohio
15 Exhibit No. 3 with the direct testimony of W. Karl Wardin,
16 public version.

17 A. You might want to give me a clean copy.

18 Q. As No. 2 --

19 A. I wrote some things.

20 (Handed.)

21 You want this --

22 Q. So as I said, now, we've marked as Ameritech Ohio Exhibit
23 No. 2 your redacted, public, version of your direct testimony;
24 and Ameritech Ohio No. 3 as your unredacted, confidential,
25 testimony. And we will refer to them accordingly.

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- 1 Was the testimony reflected in Ameritech Ohio Exhibits 2
2 and 3 prepared by you or under your direct supervision?
3 A. Yes, it was.
4 Q. And that would include the attachments thereto?
5 A. Yes, they were -- Yes, they do.
6 Q. Okay. Thank you. And let's just focus on Ameritech Ohio
7 Exhibit No. 3, which is the unredacted, confidential version --
8 A. Okay.
9 Q. -- of the same testimony as Ameritech No. 2, but without
10 any redaction, and let me ask you if you have any corrections to
11 your testimony?
12 A. Yes, I have about three corrections to my testimony.
13 Q. Okay. Could you please identify those for us?
14 A. Okay. The first correction is on Page 2, Line 13, and the
15 statement "Ameritech Ohio maintains that...." I would like to
16 insert "Section 251(C)(2) of."
17 Q. Okay. Do you have any other corrections?
18 A. Yes. So the new sentence would read "Ameritech Ohio
19 maintains that Section 251(C)(2) of the 1996 Telecommunications
20 Act...."
21 Okay. The second correction should be found on Page 6 and
22 what I'm just going to do is that on Line 19 just strike the
23 words -- the words after "other cost components"; so "as billing
24 and administrative expenses" would be stricken from that line.
25 Q. Okay.

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1 A. And the third and final change can be found on Page 10 and
2 Line 12 and 13. What I would like to strike is the words
3 after -- I'd like to keep "Costs...have been developed for," and
4 then strike "network-to-network interface" and the word "and";
5 so it would just say "Costs have been developed for Hubbed
6 Network-to-Network Interface Connection."

7 Q. Does that complete your corrections?

8 A. Yes, it does.

9 Q. And with these corrections incorporated to your testimony,
10 if I were to ask you the same questions appearing in Ameritech
11 Ohio's Exhibits 2 and 3, would your answers be the same?

12 A. Yes, they would.

13 MR. STEMM: Thank you. At this time, Ameritech Ohio
14 moves for the admission into evidence of Ameritech Ohio exhibits
15 2 and 3 and tender Mr. Wardin for cross-examination.

16 EXAMINER JENNINGS: Proceed.

17

18 CROSS-EXAMINATION

19 BY MR. CANIS:

20 Q. Mr. Wardin, can I start out just by asking you to repeat
21 that third edit?

22 A. Okay. The third edit on Line 12 and 13, on Page 10. I'd
23 like the sentence to read "Costs (recurring and nonrecurring)
24 have been developed for Hubbed Network-to-Network Interface
25 Connection." And so that the words "Network-to-Network

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1 Interface (NNI) and" would be stricken.

2 Q. Okay. Thank you.

3 A. Okay.

4 Q. On Page 4 of your testimony, Line 2, you state that
5 "Nevertheless, the cost studies submitted with my testimony are
6 consistent with the TELRIC-based methodology set forth by the
7 FCC...." What do you mean by "consistent with"?

8 A. Is that the -- the costing rules that were in the FCC's
9 interconnection order, even though that the State Court has
10 stayed those, the methodology that we used still would comport
11 with that and also with the Ohio Cost of Service Guidelines.

12 Q. So you're saying you used the currently stayed FCC pricing
13 rules without modification; so the rates that you came up with
14 would comply with the FCC's rules?

15 A. That's correct, and more importantly, the Ohio Cost of
16 Service Guidelines.

17 Q. Just to clarify, what was your treatment of embedded costs?

18 A. Embedded costs, no embedded costs were viewed in this -- in
19 the calculations of the cost of these interconnection.

20 Q. Depreciation reserve deficiencies?

21 A. Depreciation reserve deficiency was not a factor in
22 developing these interconnection costs.

23 Q. And the treatment of common costs?

24 A. The treatment of common costs was we used the same shared
25 and common overheads that we used in developing the network

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1 elements that were presented with this Commission earlier.

2 So that development was explained in my testimony, and we
3 had Arthur Andersen do the study to determine the appropriate
4 amount of shared and common costs associated with these types of
5 services.

6 Q. Is it possible for you to cite me to that explanation?

7 A. Sure. Beginning on Page 9, Line -- the question was
8 Line 13 and the answer began on Line 17, and we basically said
9 "After developing the TELRICs, did Ameritech Ohio reasonably
10 allocate shared and common costs to the provision of
11 interconnections and unbundled network elements?"

12 And I kind of say "yes." And basically through the Arthur
13 Andersen study, I won't say the dollar amounts or the percent of
14 loading factor used, but it kind of details the dollar amounts
15 and then the percent of shared and common associated that we
16 would add on to the increment and to the -- on to the cost to
17 come up with the total TELRIC.

18 Q. And I'm sorry if I misunderstood you. I thought you said
19 you explained the Arthur Andersen study and your methodology?

20 A. I guess I didn't explain that. We basically used -- that
21 was previously detailed in front of the Commission through our
22 SGAT application, and all I'm doing here is applying the same
23 methodology that we have supported previously before this
24 Commission.

25 Q. So if -- You're clearly doing a cross reference here. If I

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1 wanted to access your explanation of the derivation of these
2 different numbers and factors, could you cite me to a source for
3 that?

4 A. Off the top of my head, I could not cite you to a source,
5 but after I get off the stand, we could show you where that
6 testimony resides.

7 Q. That would be fine, thanks.

8 MEMBER SOLIMAN: Can you repeat, please, the question
9 and the answer?

10 THE WITNESS: Basically I think he wanted to know how
11 the Arthur Andersen study was developed to determine how much
12 shared and common overheads to add onto the cost, and I stated
13 that the -- that that was explained in a previous proceeding in
14 front of the Commission and that we would give him a cite to
15 where that testimony was.

16 MR. STEMM: In fact, that is, Jon, the 96-922-TP-UNC
17 generic TELRIC proceeding that has concluded, as far as the
18 hearing presentation goes.

19 MR. CANIS: Okay. If it would be possible for you to
20 get me just a cite to, you know, the dates when it was filed or
21 something like that, so if I want to track down that pleading, I
22 can find it.

23 MR. STEMM: Okay. It would be December 9th, 1996, I
24 believe, was when the Arthur Andersen witness for Ameritech Ohio
25 filed testimony explaining the joint and common cost allocation,

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1 and then there would have been a supplemental -- or not
2 supplemental, but rebuttal testimony filed in that proceeding on
3 February -- oh, somewhere around the early, first week of
4 February 1997 by that same witness, Mr. Broadhurst.

5 MR. CANIS: Great, thanks.

6 BY MR. CANIS:

7 Q. Are the proposed rates that are listed in your testimony
8 subject to change per this Commission's final order in the
9 TELRIC proceedings?

10 A. If the Commission were to determine that the level of
11 shared and common cost is inappropriate, then they would be
12 subject to change.

13 Q. Is that the only matter at issue in the TELRIC proceeding?

14 A. I'm not sure of every single matter that's open in front of
15 the -- on the TELRIC proceeding.

16 Q. Okay. But if the Commission were to adopt the rates that
17 you propose, these would not be final rates?

18 A. Well, if the Commission adopted the proceeding, they could
19 be final, its rates. I mean, that's up to the Commission to
20 decide, not me.

21 Q. But their finalness would be dependent upon the
22 Commission's decision in the TELRIC proceeding?

23 A. I think the finalness are dependent upon this proceeding.

24 Q. So you're saying that the Commission could approve these
25 rates as permanent rates even if it later found in the TELRIC

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1 proceeding that methodology employed to derive these rates was
2 inconsistent with its final rules?

3 A. I mean, you're asking me to know how the Commission's going
4 to behave? I -- You can go from theoretical to practical on the
5 response to that. I mean, theoretically, yeah, these rates
6 could be approved as is, and be final. Practically, there's
7 major revisions, there probably will be some modification to the
8 rates.

9 Q. On Page 5 of your testimony, Line 16 -- 15 and 16, "We then
10 assigned a TELRIC based on the interconnection's individual
11 consumption of total network capacity." Did that take into
12 account excess capacity that existed on the network?

13 A. Well, actually, in the studies for the interconnection
14 here, we looked at -- because we're only really dealing with
15 investment from Ameritech, is only dealing with multiplexers.
16 We looked at engineering capacity to determine the cost, and so
17 there really wasn't any utilization factor used. Had we used a
18 utilization factor, the cost would have been a little higher.

19 Q. So you don't use utilization factors in your computation of
20 multiplexer costs?

21 A. We could. That was a decision that I made. We had some
22 costs that we developed for the -- for LRSIC purposes, and I
23 felt that if I went back and did a utilization or the
24 utilization factor in the multiplexer, that would only cause the
25 cost to raise maybe 5 percent from the current levels; so I